

I continue to believe that a robust renewable energy standard, which requires utilities to meet a portion of their energy demand through renewable energy, is the most efficient way to help transition our economy to clean energy sources. More than half of U.S. states have renewable energy standards, which have proven to be an effective and popular driver of renewable energy projects. I am confident that we will eventually adopt a national renewable energy standard.

In the meantime, targeted tax credits can help level the playing field for the renewable energy industry. The growing wind, solar, geothermal, and wave energy industries compete with more traditional forms of energy, such as natural gas, nuclear power, and coal, which have been receiving tax breaks and other government subsidies for decades. The biggest oil companies, for example, will enjoy at least \$35 billion in tax breaks over the next five years. Many of these fossil tax credits, some of which go as far back as the early 1900s - like the expensing of tangible drilling costs - are permanent, while tax credits for renewables are temporary. As global companies, they also stand to reap subsidies offered in many other countries around the world. The International Energy Agency recently reported that fossil fuel consumption subsidies totaled \$312 billion in 2009 alone. Does the highly profitable and technologically mature fossil fuel industry really need this government support? Shifting scarce government resources to renewable energy projects will not only help clean sources of energy compete, but will create hundreds of thousands of jobs in construction, manufacturing, installation, electrical, and other industrial sectors. It will also help keep us competitive with China and other international competitors, who are making significant investments in clean energy technologies.

Tax credits to promote renewable energy projects have had strong bi-partisan support from the beginning. The Energy Policy Act of 1992, which created the renewable production tax credit, passed 381 to 37. Beyond the benefits of cleaner air and energy security, each state can benefit economically by developing the renewable energy industry. In fact, significant renewable energy construction developments are underway in every state in the union. Unfortunately, and despite these bi-partisan origins, federal support for renewable energy has been far from consistent.

To make matters worse, many analyses of the “cost” of supporting renewable energy does not account for the “costs” of supporting the fossil fuel industry. Beyond the direct and indirect tax incentives provided to the fossil fuel industry, that industry passes significant environmental and security externalities onto our citizens. Many of the costs associated with fossil fuels, such as our dependence on foreign oil, health effects of air pollution, and environmental and safety risks associated with mining, are not currently part of the cost equation for these sources. We need to better level the playing field between renewable and fossil energy resources. Tax incentives can help bring new technologies to scale and make them cost competitive with more traditional

forms of energy.

The tax credits' success in supporting renewable energy development can be demonstrated by the "boom and bust" cycle as the credit has expired and then been renewed over time. To head off another "bust" cycle, Congress enacted a grant-in-lieu program as part of the American Recovery and Reinvestment Act. This program allowed renewable energy projects to expand significantly over the past year. The wind industry added a record 10,000 megawatts in 2009, more than twice as much as expected without the program. According to the American Wind Energy Association, the Recovery Act saved at least 40,000 jobs in the wind industry; jobs in construction, engineering, transportation, and manufacturing.

Beltway insiders may disparage the possibility of extending a Recovery Act program, but it's more important than ever for renewable energy supporters to look past the rhetoric and focus on results. The Recovery Act's Section 1603 is a great example of how Congress can be flexible and ensure incentives for renewable energy are efficient and effective. This program, for example, allowed Iberdrola Renewables to leverage \$975 million worth of grant money into as much as \$6 billion worth of investments in U.S. renewable energy projects through 2012. The 1,200 megawatts that the company currently has in the construction phase across the country would not have been started without the market certainty that Section 1603 provided.

I don't buy the premise that renewable energy needs "saving." This is the direction our country is headed. The question is how quickly and how efficiently we get there.